



## **Section III: Court Profile**



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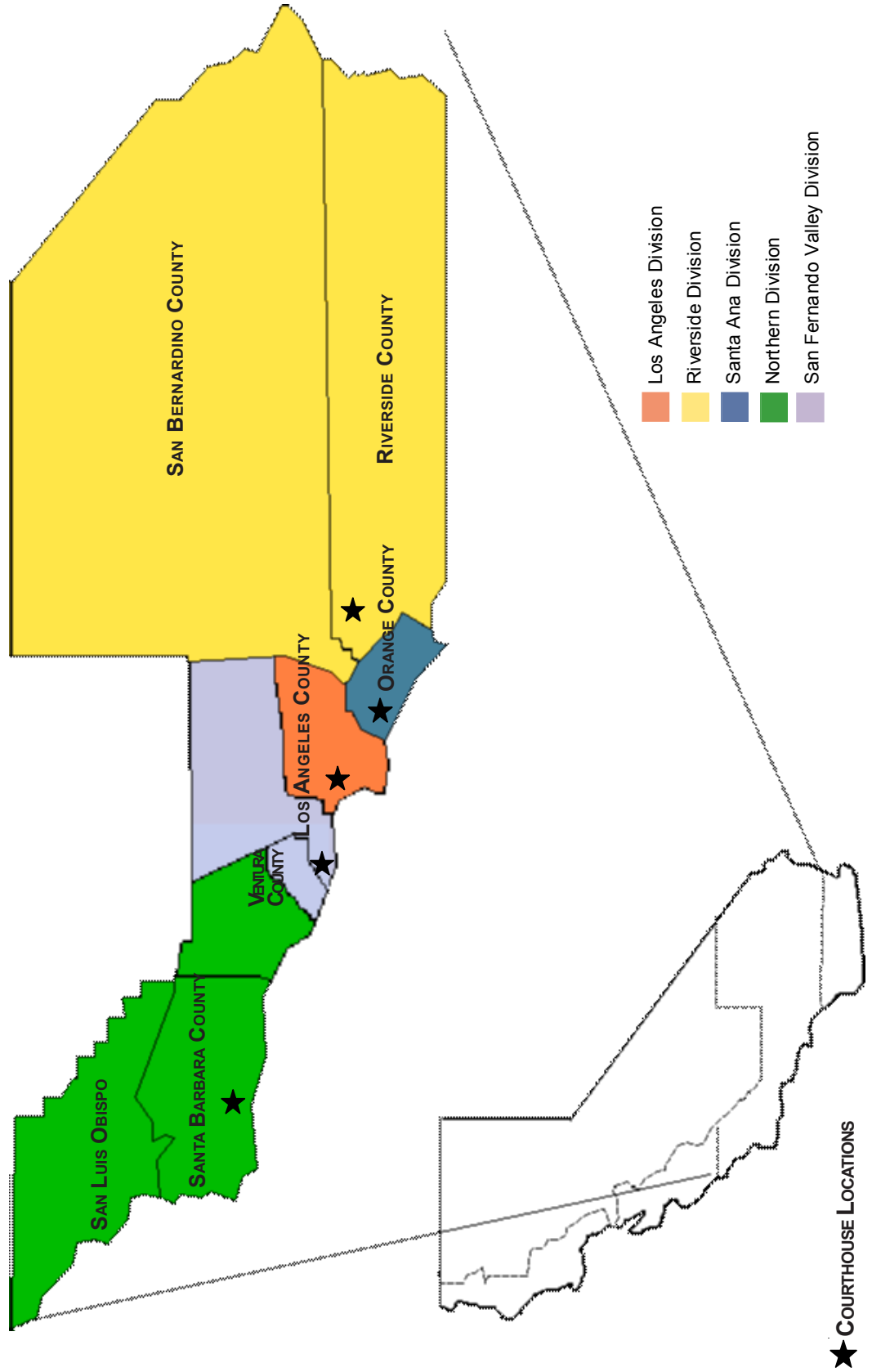
# District Profile

The Central District of California is the largest bankruptcy court in the United States. Presently, the district holds court in Los Angeles, Riverside, Santa Ana, Santa Barbara, and the San Fernando Valley.

The Central District of California covers approximately 40,000 square miles and stretches from the Central Coast area of the state eastward to the Nevada and Arizona borders. The Court has jurisdiction in the seven-county region comprised of Los Angeles, Orange, Riverside, San Bernardino, Santa Barbara, Ventura, and San Luis Obispo Counties.

The Central District is part of the Ninth Circuit, which encompasses the federal courts of nine states (Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, and Washington), the Territory of Guam, and the Commonwealth of the Northern Mariana Islands. The Ninth Circuit is the largest of the 12 federal circuits in size, population, number of federal judges, and volume of litigation. It includes 15 federal district courts, 13 bankruptcy courts, a court of appeals, and a bankruptcy appellate panel.

## Section III A



### A Brief History of the Bankruptcy Court in California

The first system of federal courts west of the Rocky Mountains was created with the establishment of the Ninth Circuit in 1848. Some other milestones are listed below.

- 1850** The State of California was admitted to the Union.
- 1850** The Southern and Northern Districts of California were created.
- 1898** The Bankruptcy Act of 1898 gave district courts exclusive jurisdiction over bankruptcies.
- 1900** Congress divides Southern District of California into two divisions: Northern Division, meeting in Fresno, and the Southern Division, meeting in Los Angeles and comprised of the counties of San Luis Obispo, Santa Barbara, Ventura, San Bernardino, Los Angeles, Riverside, Orange, Imperial, and San Diego.
- 1929** Congress adds a third division to Southern District. The designation of Los Angeles was changed from Southern to Central Division, and the San Diego court is designated the new Southern Division of the Southern District.
- 1957** A divisional bankruptcy office was opened in San Bernardino.
- 1959** A divisional bankruptcy office was opened in Santa Ana.
- 1966** California was divided into four judicial districts: the Central Division in Los Angeles becomes the Central District; the Southern Division in San Diego becomes the Southern District; the Northern Division in Fresno become the Eastern District; and the Northern District remains in San Francisco.
- 1978** The Bankruptcy Reform Act of 1978 passed by Congress.
- 1984** The Bankruptcy Amendments and Federal Judgeship Act becomes law.
- 1986** Bankruptcy Judges, United States Trustees, and Family Farmer Act passed.
- 1992** Congress passes act establishing three divisions in the Central District of California.
- 1992** A divisional bankruptcy office was opened in Santa Barbara.
- 1992** The Los Angeles Division begins moving into the newly constructed Roybal Federal Building and Courthouse.
- 1994** Bankruptcy Reform Act of 1994 enacted.
- 1996** A divisional bankruptcy office was opened in the San Fernando Valley.
- 1997** The San Bernardino Division becomes the Riverside Division by relocating to a new court house in that city.
- 1999** The Santa Ana Division relocates to the new Ronald Reagan Federal Building and United States Courthouse.
- 2003** Court's electronic filing system, *eFile*, launched and accepted Motions for Relief from Stay and adversary proceedings.

# Population Served

With a population of approximately 17.8 million people, the Central District continues to represent slightly more than 50% of California's population of 35.3 million people. Based on projections by the Demographic Research Unit of the California Department of Finance, the Central District of California is home to four of the six most populous counties in California (Los Angeles, Orange, Riverside and San Bernardino) and two of the five most populous counties in the United States (Los Angeles and Orange).

The following table details changes in population for the Central District of California from 1992 to 2002 compared to the number of bankruptcy cases filed for the same time period.

Table 8 Change in Population and Bankruptcy Filings: 1992 vs. 2002						
CENTRAL DISTRICT OF CALIFORNIA COUNTIES	POPULATION*			BANKRUPTCY FILINGS		
	1992	2002	% Chg	1992	2002	% Chg
Los Angeles	9,021,900	9,902,700	9.8%	60,819	52,228	-14.1%
Ventura	684,000	785,700	14.9%			
Santa Barbara	376,500	407,800	8.3%			
San Luis Obispo	220,300	254,500	15.5%			
Orange	2,483,300	2,954,500	18.4%	14,320	10,012	-30.1%
Riverside	1,290,300	1,677,100	27.4%	18,509	21,081	13.9%
San Bernardino	1,532,100	1,811,700	16.4%			
<b>District Total</b>	<b>15,608,400</b>	<b>17,794,000</b>	<b>14.0%</b>	<b>93,648</b>	<b>83,321</b>	<b>-11.0%</b>

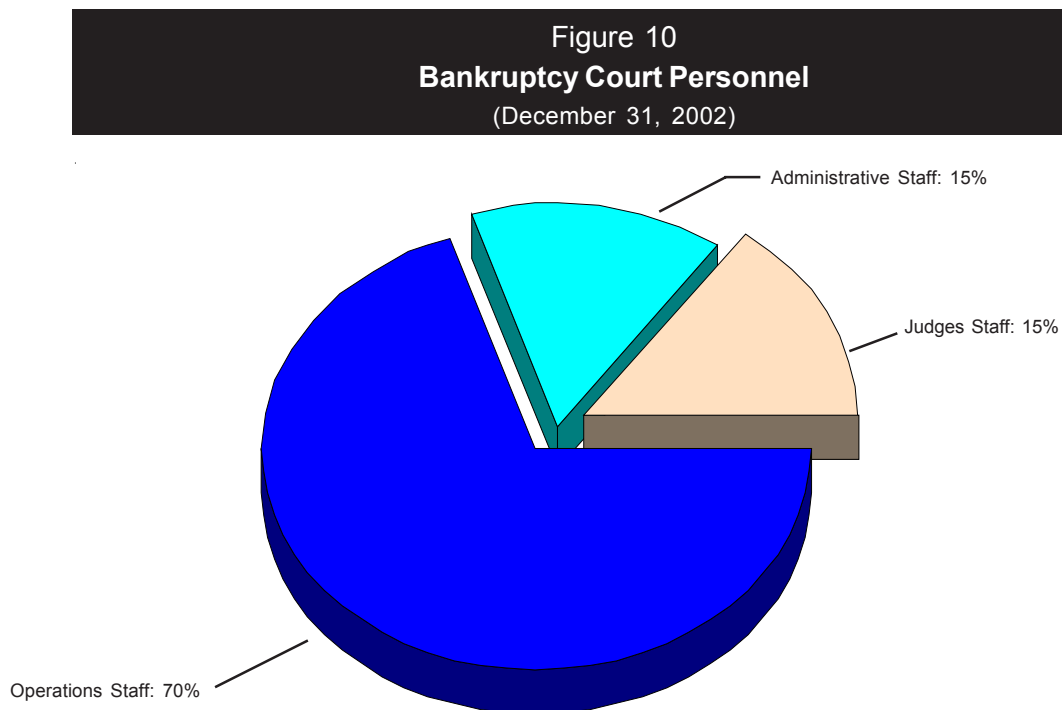
\* Source: United States Census Bureau, April 2000 Census (Internet release date April 2, 2001)

# Personnel

A total of 421 full-time equivalent employees (including judges, judges' staff, and the Clerk's Office) were on the payroll of the Bankruptcy Court in the Central District of California as of December 31, 2002.

The following chart displays the allocation of Central District personnel. The majority of staff work in Clerk's Office operations (70%). Operations includes the staff of the Case Initiation, Courtroom Services, Analysis & Information, and *eFile* departments. Another 15% of the Court's personnel consists of administrative staff, which includes the Executive Office, Human Resources, Financial Services, Information Technology, Office Services, and Space Planning. The judges' staffs, including law clerks and judicial assistants, comprise 15% of the total.

The majority of employees work in Los Angeles (55%), followed by Riverside (18%), Santa Ana (12%), San Fernando Valley (11%), and Northern Division (4%).



# Receipts

In fiscal year 2002 (FY02), the Court collected \$22,589,221 in fees, compared to \$25,641,340 collected in FY01 and \$22,343,390 collected in FY00. The Court collects fees in 13 fund areas including: filing fees, bankruptcy noticing fees, unclaimed funds fees, copying fees, and fees for other services rendered.

The following table compares the money collected in the seven largest funds from FY00 through FY02.

Table 9 Monies Collected in the Seven Largest Funds FY00 - FY02				
FUND NAME	FY00	FY01	FY02	% Change FY01 vs FY02
Funds Associated with Filing Fees:				
Filing Fees (086900, 086901)	\$2,948,299	\$2,970,692	\$2,803,301	-5.6%
Fees for Bankruptcy Notices (092037) <sup>(1)</sup>	\$2,543,023	\$262,638	\$0	-100.0%
Fees for Bankruptcy Oversight (507311 and 5073XX)	\$3,546,295	\$3,832,960	\$3,832,543	0.0%
Bankruptcy Escrow Account (6855TT)	\$4,174,217	\$4,291,839	\$4,264,799	-0.6%
Fees for Judicial Services (510000)	\$5,899,472	\$8,341,262	\$8,565,857	2.7%
Payment of Unclaimed Monies (6047BK) <sup>(2)</sup>	\$2,932,277	\$5,732,958	\$2,932,561	-48.9%
Remaining Funds	\$299,807	\$208,991	\$190,160	-9.0%
<b>TOTAL</b>	<b>\$22,343,390</b>	<b>\$25,641,340</b>	<b>\$22,589,221</b>	<b>-11.9%</b>

(1) Decreases in FY01 and FY02 for bankruptcy notices (fund 092037) and increases for judicial services (fund 510000) resulted from a required change in the accounting of the \$30.00 administrative fee received for each petition. Effective November 12, 2000, the Court accounted for this fee in fund number 510000 rather than fund number 092037.

(2) The decrease in FY02 in unclaimed monies (fund 6047BK) was primarily due to a deposit of \$3,286,250 in connection with Bullion Reserve of North America, case number LA-83-18026BR, in FY01.



# Operating Budget

In 1994, the Judicial Conference and the Administrative Office of the United States Courts (A.O.) decentralized budget management in order to provide court units with greater autonomy in long-range planning, improved cost-control, and flexibility in meeting local needs. Budget decentralization has proven to be a cost-effective, successful program, which is unique in the federal budget environment.

In accordance with the budget decentralization policy, the Bankruptcy Court for the Central District of California adopted the Appropriated Funds Financial Management and Budget Organization Plan. This plan defines the roles and responsibilities for the receipt, budgeting, and disbursement of funds provided to the Court by the United States Congress, via the Judicial Conference and the A.O.

Each year, the A.O. provides the Court with budget allotments for salaries, operating expenses, and automation. These budget allotments are determined by formulas that are based on variables such as the number of bankruptcy filings, current authorized judgeships, judicial staffing, and Clerk's Office staffing levels.

At the start of each fiscal year, the Court develops a spending plan to implement its operating objectives within the confines of the budget allotments. Throughout the year, the Court continually monitors expenditures which may necessitate the reevaluation and reprioritization of scheduled projects.

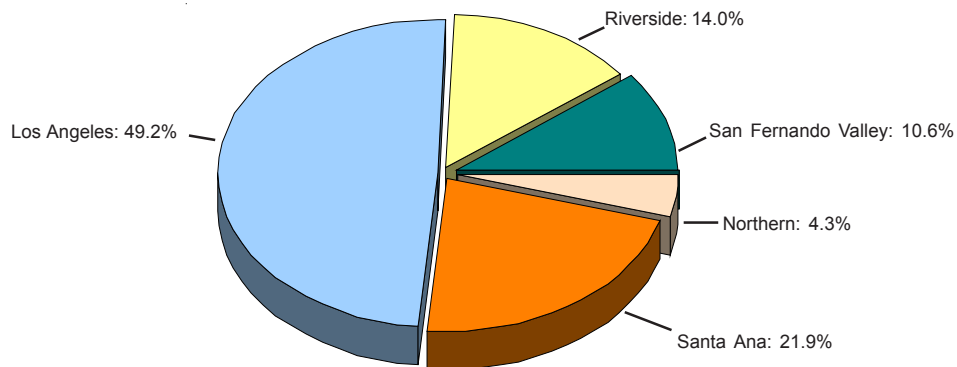
In fiscal year 2002 (October 1, 2001 through September 30, 2002), the Court was allocated a budget of \$22,045,496. This was a decrease from the \$22,272,577 received in fiscal year 2001. Even with this reduction, the Court was able to operate without any staff reductions.

The fiscal year 2003 allotment, however, brought a further reduction in funds. This anticipated shortfall necessitated a staff reduction in December 2002. The Court is now reorganizing the remaining staff to maintain its consistently high level of service provided to the public.

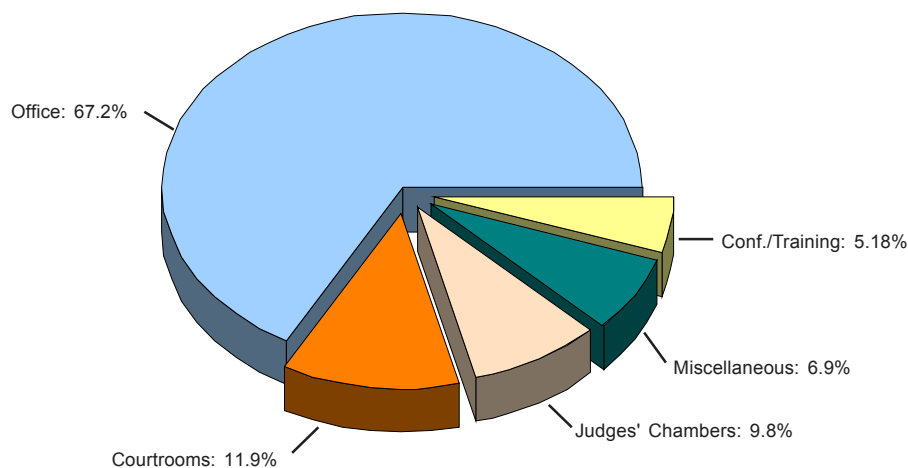
# Space and Facilities

The Bankruptcy Court rents approximately 459,064 square feet of space from the General Services Administration (GSA). (GSA is the landlord for all government owned and leased space.) GSA's responsibilities include rent negotiations, lease awards, tenant improvements and alterations, and daily maintenance. The graphs below delineate the square footage of space rented for each division and the percentage of space district-wide used for courtrooms, judges' chambers, office space, conference and training rooms, and miscellaneous space (which includes restrooms, hallways, and storage space).

**Figure 11**  
**Square Footage By Division**  
**Central District of California (2002)**



**Figure 12**  
**Facilities Break Down**  
**Central District of California (2002)**



# Organizational Structure

## Board of Judges

The Board of Judges consists of all of the bankruptcy judges in the Central District. The purpose of the Board of Judges is outlined in the Court Governance Plan and includes establishing overall administrative policies for the Court.

## Chief Judge

The Chief Judge has a strategic leadership role in Court management and stewardship by defining strategic goals, ensuring the Court is administered effectively and efficiently, and setting management principles and standards of the Court. The Chief Judge serves a three-year term, limited to two consecutive terms, and has many diverse duties that include:

- Serving as chief presiding officer of the Court
- Delegating responsibility and maintaining oversight of financial management, personnel, procurement, space and facilities, property management, and property disposal
- Chairing the Executive Committee and Board of Judges
- Keeping all judges fully and timely informed of matters of court-wide interest
- Serving as spokesperson for the Court
- Monitoring the management of each judge's assigned cases
- Monitoring the case management system, identifying problems, and initiating change
- Creating judicial committees

## Office of the Executive Officer/Clerk of Court

The Clerk of the Bankruptcy Court is appointed by the bankruptcy judges in the Central District and serves an indefinite term. The Clerk has many diverse duties that include:

- Directing all aspects of the Clerk's Office, including the development of policies and procedures

- Formulating and executing the Court's budget
- Providing case administration support
- Managing space, facilities, automation, and other resources of the Court
- Recruiting, hiring, and managing Clerk's Office personnel
- Advising the Board of Judges and the Chief Judge on administrative and policy matters
- Acting as the Clerk's Office liaison with civic, community, and professional organizations

The Clerk's Office is organized into two functional areas: Operations and Administration.

### **Operations**

In each of the five divisions, Operations is responsible for the day-to-day case management activities of the Clerk's Office and support for judges' hearings, including the acceptance of case filings and subsequent documents; docketing of cases; tracking of cases; sending notices; responding to inquiries from the public; imaging selected case documents; retrieving, maintaining, and archiving case files; calendaring hearings; electronic recording of hearings; support of courtroom activities, including video conference hearings; support for the general management of the Court's caseload; and closure of cases. Also part of Operations, but performing administrative functions in support of all of the divisions, is the Analysis & Information Department.

### **Analysis & Information**

Analysis & Information (A&I) performs a wide range of administrative tasks, including district-wide quality control. Some of these tasks include: developing and assessing procedures, operating methods, and work flow; making recommendations for improvements to existing procedures; establishing and monitoring performance for operations; compiling statistical information regarding filings, closings, and case management; and providing information to the public. The quality assurance area of A&I analyzes data, makes recommendations for improving quality control, and coordinates district-wide quality control programs. A&I also prepares a wide variety of reports, as well as a wide range of public and internal documents.

### Administration

**Budget Section:** develops budget estimates to fund all operating costs of the Court; prepares the overall budget summary justification; develops and monitors the Court's budget and spending plan; prepares justifications for supplemental requests of additional allotments; prepares and oversees the preparation of recurring reports of obligations and expenditures; and monitors the fiscal and procurement activities that affect the budget process.

**Communications Department:** is responsible for district-wide publications, forms, judicial support, public relations, call management systems, electronic communications, the Court's web site, and coordination of special events.

### Financial Management

- **Financial Services Department:** is responsible for the fiscal and audit functions of the Court and the Clerk's Office. This includes such activities as maintaining all financial records of funds received and paid by the Court, as well as all accounts payable.
- **Office Services Department:** is responsible for purchasing all supplies and services required by the Court and the Clerk's Office, including consumable supplies, furniture, equipment, forms, and services. The Department is also responsible for maintaining the inventory of all fixed assets owned by the Court. In addition, Office Services coordinates the daily maintenance of court facilities with GSA. In the Los Angeles Division, Office Services also manages the distribution of interoffice mail.

### Human Resources

- **Human Resources Department:** is responsible for: recruitment; selection; classification; compensation; benefits administration; processing all personnel actions, including appointments, promotions, and separations; maintenance all personnel records including time, attendance, and leave records; development and enhancement of personnel policies and procedures; providing guidance to management and staff in the interpretation and administration of personnel policies; coordination and monitoring of employee performance evaluations; updating and maintaining the Court's *Personnel Handbook* and other Human Resources publications; coordination of special ceremonies and awards; ensuring adherence to the tenets of the Court's Employment Dispute Resolution (EDR) Plan and Equal Employment Opportunity (EEO) policies; and preparing the Court's annual EDR report.

- **Staff Development Department:** is responsible for coordinating and executing the staff development program within the Court. This includes assessing each employee's current skills and developing individualized training plans. Based on the identified needs, department staff develop and deliver comprehensive technical and professional training classes that focus on the skills needed for staff to successfully perform their present job functions, as well as advance into new classification levels and positions.

### Information Technology

- **Technology Administration Division:** ensures Court compliance with judiciary information resource management (IRM) bulletins and regulations, as well as district-wide technology project management, configuration management, operational support, and budget coordination. It also provides support and maintains the Court's telephone systems, video conferencing systems, fixed asset tracking software (Intellitrack), personnel tracking software (Abra), automation property coordination and related technology administrative areas.
- **Network Management Division:** provides managerial and technical oversight for the Court's wide and local area network systems, including network based software implementations; and establishes and maintains standards, defines, designs and integrates network related software and hardware systems to meet the specific technological needs of the Court.
- **Systems Development Division:** provides automation support for the Court and the Clerk's Office and develops and maintains the Court's automated systems, including: the case management system (NIBS), the cashiering and case opening system (ICS), the case file inventory system (RMS), public access to automated case information and other data, the network, imaging software and hardware, financial accounting software (FAS<sub>4</sub>T), webPACER, and the kiosks and computers in public areas.
- **e-File Support and Development Section:** partners with e-File Operations to develop, test, and support the Court's automated system through which attorneys electronically file court documents, such as motions for relief from stay and adversary complaints.

**Space Planning Department:** responsible for all leased office and judicial space occupied by the Bankruptcy Court, including ensuring that the current space adequately meets the needs of staff. The department also monitors all phases of the Court's facility-related projects, from conceptual design and development, to the completion and review of construction documents.